

Michael F. Heafey
mheafey@orrick.com
Morvarid Metanat
mmetanat@orrick.com
ORRICK, HERRINGTON & SUTCLIFFE LLP
1000 Marsh Road
Menlo Park, California 94025
Telephone: (650) 614-7400
Facsimile: (650) 614-7401

Lisa T. Simpson
lsimpson@orrick.com
ORRICK, HERRINGTON & SUTCLIFFE LLP
51 W. 52nd Street
New York, NY 10019-6142
Telephone: (212) 506-5000
Facsimile: (212) 506-5151

Attorneys for Defendant
Altek Corporation

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

EASTMAN KODAK COMPANY,

Plaintiff,

v.

ALTEK CORPORATION,

Defendant.

Civil Action No. 12-cv-0246-DLC

Hon. Denise L. Cote

**DEFENDANT ALTEK CORPORATION'S LOCAL CIVIL RULE 56.1 STATEMENT OF
UNDISPUTED MATERIAL FACTS
IN SUPPORT OF ITS MOTION FOR PARTIAL SUMMARY JUDGMENT**

Pursuant to Local Civil Rule 56.1 of the United States District Court for the Southern
District of New York, and in support of its Motion for Partial Summary Judgment, Defendant

Altek Corporation hereby submits this statement of facts as to which there are no genuine issues to be tried.

1. Altek is a Taiwanese manufacturer of digital cameras. Declaration of Alex Hsia in Support of Altek's Motion for Partial Summary Judgment ("Hsia Decl."), ¶ 3.

2. Altek manufactures digital cameras for third parties according to the hardware specifications, and proprietary software and hardware that they provide. *Id.*

3. Altek never sells the same camera to more than one customer. *Id.*

4. Altek's customers directly or through a chain, sell the manufactured cameras to consumers. *Id.*, ¶ 4.

5. With the exception of "Altek Branded Cameras," Altek does not sell cameras directly to consumers. *Id.*

6. Kodak has been an Altek customer since 2002. *Id.*, ¶ 5. In 2003, Kodak became one of Altek's major customers. *Id.*

7. In 2001, Kodak accused Altek of patent infringement. *Id.*, ¶ 6.

8. Kodak threatened to cease all business with Altek if it did not enter into a license. Declaration of Morvarid Metanat in Support of Altek Corporation's Motion for Partial Summary Judgment ("Metanat Decl."), Exs. A & B.

9. Fearing that it would lose Kodak's business and ultimately go out of business, Altek entered into negotiations with Kodak to license Kodak's patents. Hsia Decl., ¶ 7.

10. At the beginning of the parties' negotiations, Kodak drafted a license agreement which permitted Altek the use of its patents for the manufacture of digital cameras for third parties. Metanat Decl. Ex. K, §§ 1.14 & 3.1 and Ex. E at 40:14-41:18. These products are referred to as "OEM Licensed Products." *Id.*, Ex. C, § 1.14; Ex. K § 1.14.

11. Under the PLA, Altek is responsible for making royalty payments on all of its digital camera sales, with a few exceptions. *Id.*, §§ 4.10, 4.12 & 4.14.

12. For example, Section 4.14 provides that Altek is exempted from royalty payments on cameras it sells on a “Contract Assembly” basis. The “Contract Assembly” exemption applies “if the Net Sales collected or received by Altek for [digital cameras] is less than fifty-percent (50%) of the open market price” *Id.*, § 4.14.

13. Nowhere in the PLA is “Open Market Price” explicitly defined. *See generally id.*

14. On August 26, 2011, Kodak first conveyed its interpretation of “open market price” to Altek—that “open market price” was the price for which Altek sold its manufactured cameras to its customers. *Id.*, Ex. I.

15. According to Kodak, “open market price” is the “price that Altek receives through a non-discounted, arms length transaction.” *Id.*, Ex. J at Interrog. Resp. No. 3.

16. Included in the original draft of the PLA, was the final version of Section 1.13. *See id.*, Ex. K & Ex. E at 97:20-98:6; 99:5-17. This provision states:

(b)(1) In the case of an arms [sic] length sale or other disposal of an OEM Licensed Product ***Net Sales shall mean the total net revenue received by Altek and its Subsidiaries.***

and

(b)(2) In the case of a sale or disposal of an OEM Licensed Product which has not been sold in an arms [sic] length transaction, ***Net Sales shall mean Altek’s open market price for such OEM Licensed Product*** in the country of sale on the date when such sale occurred. . . .

Id., Ex. C, §1.13 (emphasis added).

17. Altek and Kodak signed the PLA on July 1, 2004 and July 14, 2004, respectively. *Id.* at 20; Hsia Decl., ¶ 8.

Dated: February 1, 2013

ORRICK, HERRINGTON & SUTCLIFFE LLP

By: /s/ Morvarid Metanat
Michael F. Heafey (admitted *pro hac vice*)
Morvarid Metanat (admitted *pro hac vice*)
1000 Marsh Road
Menlo Park, CA 94025-1021
(650) 614-7400
mheafey@orrick.com
mmetanat@orrick.com

Lisa T. Simpson
51 W. 52nd Street
New York, NY 10019-6142
(212) 506-5000
lsimpson@orrick.com

ATTORNEYS FOR DEFENDANT
ALTEK CORPORATION